GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:300
ANSWERED ON:08.08.2003
DECLINE IN RURAL BRANCHES
ABDUL RASHID SHAHEEN;LAXMAN GILUWA

Will the Minister of FINANCE be pleased to state:

(a) the number of branches of public sector banks in rural areas of the country as on date;

(b) whether the number of branches of the banks in rural areas has declined during the last three years;

(c) if so, the details thereof;

(d) the reasons for the said decline in the number thereof and the percentage of decline; and

(e) the reaction of the Government towards this decline and corrective steps taken in this regard?

Answer

MINISTER OF FINANCE (SHRI JASWANT SINGH)

(a) to (e) A statement is placed on the Table of the House.

Statement referred to in reply to Parts (a) to (e) of Lok Sabha Starred Question No.300 for reply on 8th August, 2003 regarding Decline in Rural Branches by Shri Abdul Rashid Shaheen and Shri Laxman Giluwa.

(a) As on 31st March, 2003, the number of such branches is 19195.

(b), (c) & (d) Yes, Sir. The details are:

	31.3.2001	31.3.2002	31.3.2003
Number of branches	19418	19284	19195
Percentage of decline	-	0.69%	0.46%

The main reasons for decline are as under:

(i) Banks are allowed to close their loss-making rural branches at centres having two or more branches of commercial banks functioning there (excluding, the RRBs) on mutual consultation, without prior approval of DCC/State Government.

(ii) While closure of a single branch of a bank in rural areas is not allowed, they are permitted to convert the branch into a Satellite Office which functions for 2/3 days in a week, to provide service to the clientele.

(iii) Under the Reconstruction Plan of Weak Banks approved by Government and RBI, three banks, viz., Indian Bank, UCO Bank and United Bank of India were allowed to rationalize branch network by closure/merger of their loss-making rural branches.

(e) The RBI`s emphasis remains on ensuring that, as far as possible, such rationalization be done without affecting banking service in rural areas.